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ABSTRACT

Three reports are presented that address the problem of implementing 1978-79 contingency plans developed by the Los Angeles Community College District in response to a June 1978 property tax reduction initiative, Proposition 13. Report No. 1 provides an overview of district problems resulting from the tax limitation measure. Fiscal and educational alternatives are discussed in light of unknown resources, legal problems, the implications of delay, minimal educational objectives, instructional programs, non-academic college services, and the 1978 summer session. Report No. 3 reviews alternatives and proposes action concerning: (1) the feasibility of continuing summer recreational programs; (2) the recision of gold card exemptions, which released senior adults from paying college fees; (3) the curtailment of cocurricular activities; and (4) the curtailment or elimination of specific intercollegiate activities. Report No. 4 deals with the implications of California Senate Bill 154, which provides partial relief to local government agencies from financial difficulties caused by the tax reduction measure. The bill's provisions completely change the community college funding structure, substituting funds from the State General Fund for statutorily prescribed appropriations for the 1978-79 fiscal year and prescribing a method for computing state support to community colleges. (TR)

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Implementation of 1978-1979 Contingency Plans

REPORTS 1,3&4

JC 780 354

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LOS ANGELES COMMUNITY COLLEGE DISTRICT

CONTINGENCY PLANNING COMMITTEE

REPORT NUMBER ONE

June 9, 1978

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IN.RODUCTION

More than four months ago, Chancellor Koltai initiated a series of actions designed to develop alternative actions the Los Angeles Community College District might take, should the voters approve the tax limitation measure (Proposition 13). He formed a Contingency Planning Committee to develop fiscal and educational plans and established a Contingency Plan Coordination Office to answer questions, provide liaison with other agencies, and to solicit involvement from employee organizations and other concerned groups. Additionally, action was taken to conserve funds for the remainder of the current year by placing a freeze on the hiring of new and replacement personnel, the issuance of new contracts, and the purchase of supplies and equipment.

The Contingency Planning Committee has been supported by a subcommittee exploring possible sources of alternative revenue, and the Office of the General Counsel has been studying possible solutions for the nearly three dozen legal problems we have already identified.

Fiscal Plan

This report represents the first in what will probably be a series of reports prepared by the Contingency Planning Committee. The report describes the impact of the property tax limitation on the Los Angeles Community College District. A Contingency Fiscal Plan is presented which contains three budgets, each based on different assumptions concerning the future.

Educational Plan

The report also contains a Contingency Educational Plan for the first six months of the 1978-79 year. The planning required for Spring 1979 operations will be done at a later date. The Educational Plan is really a suggested strategy for responding to the current fiscal problems, and does not provide a comprehensive program which will meet all the educational needs of the community. The Plan provides for a limited program of courses and student services based upon certain assumptions, to be discussed later, about State and local revenue. The Contingency Plan was developed without formal participation by the faculty through their exclusive representative because they preferred not to be involved in contingency planning activities until after the election. However, the content of the Plan has been discussed with representatives of the employee organizations and with college staffs. In addition, the Chancellor sent the exclusive representative a letter on June 7 asking for faculty involvement at this time.

Unknown Resources

As of the date of this report, the fiscal impact of the voters' action to approve a constitutional amendment limiting the property tax is not known with any degree of certainty. It is possible that the exact amount of District income for 1978-79 will not be known for several weeks. Yet, in the immediate future, important decisions must be made concerning the educational programs and services of the District. Specifically, today we will be asking the Board to focus on one decision -- whether or not to offer a summer session in 1978. The Board will recall receiving the following informative Report on summer session on May 10, 1978:

"In accordance with Education Code Section 78008, a summer session will be scheduled at the nine District colleges in compliance with all applicable statutes of the Education Code and Title 5 regulations, and the approval of the State Chancellor. The regular six-week summer session will be scheduled from June 19 to July 28 or June 26 to August 4, 1978. In addition, classes to meet student needs in specific programs will be scheduled for alternate dates.

"If any constitutional amendment or change in legislation or laws relating to collection of revenue adversely affects the availability of district funding, it will be necessary to cancel all summer session classes. This action will be taken to help ensure all available funding for the regular 1978-79 college year."

Data for Decisions

The purpose of the information and alternatives described in this first report is to form a basis for decision-making. The plans which are described are not intended to be responsive to all the educational needs of the community, but were developed to ensure the survival of the Los Angeles Community Colleges.

A word of caution is in order at this point. We must guard against reactions based solely on pressure from special interest groups. This is a general problem which will require thoughtful, reasoned, balanced guidelines from the Board of Trustees. It may even mean a change in our District mission and objectives. With reasoned guidance the individual colleges can do their best to serve their communities under rather severe limitations.

STATEMENT OF THE PROBLEM

The problem has three interrelated parts:

- o The District will receive significantly less money in 1978-79.
- o The District may face a severe cash flow problem.
- o The method for distributing what money will be available, if any, is currently unknown.

The Tentative Budget for 1978-79 was presented to the Board of Trustees on May 24, based on an anticipated income of $254,463,000. The new tax limitation measure has reduced expected income to the District from property taxes and apportionment by $99 million which is 59% of the total budget. With the budget reduced this much, at the normal rate of cash flow, the District will not have sufficient funds to meet payrolls and current obligations in 1978 unless cash flow is drastically reduced. Even if additional funding is received, it will not alleviate this cash flow problem unless the revenue is distributed earlier than usual.

The decision not to issue March 15 letters to certificated employees and not to reduce regular classified staff has made it necessary to fund salaries of all contract/regular certificated and regular classified employees throughout the 1978-79 year. Just the funding of these salaries alone cannot be accomplished for one academic year within the level of reduced income described above.

Chaos and Delay

It is currently unknown what amount of augmentation, if any, may be expected from State funds. In addition, we do not know at this time what we will get, if anything, from the available local property tax. The priority of the community colleges is uncertain in the determination of the distribution of State surplus funds between competing government agencies. The situation, at this time, is one of chaos and delay. However, a decision will have to be made concerning at least the summer program even without exact knowledge of our future financial situation.

Legal Problems

The establishment of assessments must be made by the County Assessor by July 1, 1978. The decision as to how the taxes collected in 1978 will be distributed must then be made by the County Board of Supervisors. This gives both agencies limited time to act.

Numerous other legal problems stand in the way of decision-making at this time. For example, if funds are not sufficient to operate the colleges for a minimum of 175 days, required under existing law, the District faces the loss of all funds from State apportionment. The use of funds in capital outlay reserves is blocked by law from being used for direct support of the instructional program. The use of tuition, as suggested in a recent news release by California Community College Chancellor Craig, and other increased fees as sources of income, would require legislative action. Agreements entered into with employee organizations have established certain commitments. Any changes in the

current contract can only be made if the contract is reopened by mutual agreement. These legal restrictions may all be beneficial in normal times, but they also severely limit the ability of the District to act in times of fiscal crisis.

Whirlpool Effect

The reduction in programs and services which will be required will have a direct impact on students, faculty, and staff and will set up a chain reaction in the form of secondary and tertiary conditions that will require much time and future effort to overcome. For example, reductions in educational programs, activities and services will deprive many students of the opportunity to gain an education and a career or will force these potential students to seek other sources of education. The outcome may result in a long-range decline in future community college enrollments as the "community image" of the community college changes. This "whirlpool effect" may then be increased by additional program reductions as enrollments decline. Consequently every effort must be made to base program reductions on a consistent philosophy.

CONTINGENCY FISCAL PLAN

The Contingency Fiscal Plan, presented in this report, is a summary of three budgets, each based on different assumptions concerning the future. The first budget (blue pages) is a summary of the Tentative Budget for 1978-79 adopted by the Board on May 24. This budget was based on a "business as usual" assumption. Because of the tax limitation initiative and the probable resulting loss of income, this budget may not meet the current legal requirement that a Budget approved by the Board of Trustees must be in balance.

The first budget alternative (pink pages) is based on the worst assumption, that the District will receive no income from the local property tax or from State apportionment in 1978-79. This assumption is based on the inability of the legislature to resolve the issue of distributing local property tax, state apportionment, and funds from the surplus in time. The amount available in this budget alternative, $20,700,000 in carryover funds, is obviously insufficient to support the nine colleges. If this should become the actual financial picture, our alternatives are limited to operating one or more colleges, if legally possible, or closing the District. This alternative is the only one of the three that is based on known facts at this time.

The second budget alternative (yellow pages) is based on the assumption that the State will remit to the District in 1978-79 the normal State apportionment and, in addition, an augmentation of at least $58 million of the $99 million lost local property tax revenue. It also assumes that we will receive our same proportionate share of the local property tax revenue left after the new restrictions are put in place.

These may all be optimistic assumptions. This budget represents the District's minimum fiscal requirements to meet the Board's directive to employ for 1978-79 all contract/regular certificated and regular classified staff. Beyond meeting this directive, this budget does little else but provide support that might allow the nine colleges to remain open for 175 days and offer something short of a comprehensive program.

1978-79 Tentative Budget
June 9, 1978

Line		INCOME ($)	
1.	Federal		
2.	Overseas	3,336,000	
3.	VEA-B	2,800,000	
4.	Total Federal		6,136,000
5.	State		
6.	Principal Apportionment	34,050,529	
7.	Minus Outgoing Apportionment	4,250,000	
8.	Plus Incoming Apportionment	1,700,000	
9.	Handicap Apportionment	1,800,000	
10.	Other	98,900	
11.	Total State		33,399,429
12.	County		110,000
13.	Local		
14.	Local Taxes		
15.	Prior Year Taxes	2,700,000	
16.	Bond Interest & Redemption	3,143,686	
17.	General Fund & Community Services	128,165,364	
18.	Special Funds	2,537,173	
19.	Total Local Taxes	136,546,223	
20.	Local Other		
21.	Interest-Bond & Redemption	30,000	
22.	Interest-General Fund	2,400,000	
23.	Interest- Special Reserve	1,000,000	
24.	Interest-Children's Center Fund	5,000	
25.	Rents and Leases	80,000	
26.	Miscellaneous	500,000	
27.	Other	455,000	
28.	Non-resident Tuition	1,000,000	
29.	Total Local Other	5,470,000	
30.	Total Local		142,016,223
31.	Other		
32.	Cafeteria	2,699,898	
33.	Incoming Transfers for I.D.A.	580,000	
34.	Community Services Fees	851,724	
35.	Bookstore Income	8,107,210	
36.	Total Other		12,238,832
37.	Balances		
38.	Bond Interest & Redemption	13,900	
39.	Cafeteria Fund	48,594	
40.	General Fund	27,500,000	
41.	Special Reserve Fund	27,000,000	
42.	Children's Center Fund	500,000	
43.	Community Services	1,000,000	
44.	Specially Funded Programs	2,000,000	
45.	Bookstore Fund	500,000	
46.	Worker's Compensation Reserve Fund	2,000,000	
47.	Total Balances		60,562,494
48.	Total Income		254,462,978

APPROPRIATIONS
($)

General Fund

Board of Trustees	795,452
District Administration	10,438,644
District-Wide	65,106,328
Los Angeles City College	18,078,490
Office of New Dimensions	1,514,974
East Los Angeles College	14,329,368
Los Angeles Harbor College	11,257,481
Los Angeles Mission College	4,045,583
Los Angeles Pierce College	17,264,651
Los Angeles Southwest College	7,577,633
Los Angeles Trade-Technical College	16,967,381
Los Angeles Valley College	16,730,053
West Los Angeles College	8,616,919
Community Services	6,954,643
Handicap Program	1,800,000
Overseas Program	3,336,000
VEA Sub Part 2	2,800,000
Total General Fund	207,613,600

Special Funds

Special Reserve Fund	30,224,519
Workers' Compensation Reserve	2,000,000
Bookstore	8,607,210
Bond Interest and Redemption	3,187,586
Children's Center	2,177,190
Cafeteria	2,748,492
Total Special Funds	48,944,997
Inter-Fund Transfers	-2,095,619
Total All Funds	254,462,978

1978-79 First Budget Alternative
June 9, 1978

Line				
	INCOME ($)			
	Federal			
1.	Overseas		0	
2.	VEA-B		0	
3.	Total Federal			0
	State			
4.	Principal Apportionment		0	
5.	Minus Outgoing Apportionment		0	
6.	Plus Incoming Apportionment		0	
7.	Handicap Apportionment		0	
8.	Other		0	
9.	Total State			0
10.	County			0
	Local			
	Local Taxes			
11.	Prior Year Taxes	2,700,000		
12.	Bond Interest & Redemption	3,143,686		
13.	General Fund & Community Services	0		
14.	Special Funds	0		
15.	Total Local Taxes	5,843,686		
	Local Other			
16.	Interest-Bond & Redemption	30,000		
17.	Interest-General Fund	400,000		
18.	Interest-Special Reserve	600,000		
19.	Interest-Children's Center Fund	5,000		
20.	Rents and Leases	0		
21.	Miscellaneous	0		
22.	Children's Center Fees	0		
23.	Other	0		
24.	Non-resident Tuition	0		
25.	Total Local Other	1,035,000		
26.	Total Local			6,878,686
	Other			
27.	Cafeteria		0	
28.	Incoming Transfers for I.D.A.		0	
29.	Community Services Fees		0	
30.	Bookstore Income		0	
31.	Total Other			0
	Balances			
32.	Bond Interest & Redemption	13,900		
33.	Cafeteria Fund	48,594		
34.	General Fund	27,500,000		
35.	Special Reserve Fund	27,000,000		
36.	Children's Center Fund	500,000		
37.	Community Services	1,000,000		
38.	Specially Funded Programs	2,000,000		
39.	Bookstore Fund	500,000		
40.	Worker's Compensation Reserve Fund	2,000,000		
41.	Total Balances			60,562,494
42.	Total Income			67,441,180

1978-79 First Budget Alternative
June 9, 1978

APPROPRIATIONS
($)

General Fund	
Board of Trustees	800,000
District Administration	100,000
District-Wide	28,800,000
Colleges	2,900,000
Community Services	1,000,000
Handicap Program	0
Overseas Program	0
VEA Sub Part 2	0
Total General Fund	33,600,000
Special Funds	
Special Reserve Fund	27,600,000
Workers'Compensation Reserve	2,000,000
Bookstore	500,000
Bond Interest & Redemption	3,187,586
Children's Center	505,000
Cafeteria	48,594
Total Special Funds	33,841,180
Inter-Fund Transfers	0
Total All Funds	67,441,180

1978-79 Second Budget Alternative
June 9, 1978

Line	INCOME ($)		
	Federal		
1.	Overseas	3,336,000	
2.	VEA-B	2,800,000	
3.	Total Federal		6,136,000
	State		
4.	Principal Apportionment	29,681,671	
5.	Minus Outgoing Apportionment	4,300,000	
6.	Plus Incoming Apportionment	1,445,000	
7.	Handicap Apportionment	1,230,000	
8.	Other	98,900	
9.	Total State		28,155,571
10.	**County**		110,000
	Local		
	Local Taxes		
11.	Prior Year Taxes	2,700,000	
12.	Bond Interest & Redemption	3,143,686	
13.	General Fund & Community Services	36,597,442	
14.	Special Funds	0	
15.	Total Local Taxes	42,441,128	
	Local Other		
16.	Interest-Bond & Redemption	30,000	
17.	Interest-General Fund	1,000,000	
18.	Interest-Special Reserve	1,000,000	
19.	Interest-Children's Center Fund	5,000	
20.	Rents and Leases	30,000	
21.	Miscellaneous	375,000	
22.	Children's Center Fees	105,000	
23.	Other	262,500	
24.	Non-resident Tuition	1,000,000	
25.	Total Local Other	3,807,500	
26.	Total Local		46,248,628
	Other		
27.	Cafeteria	1,877,206	
28.	Incoming Transfers for I.D.A.	464,000	
29.	Community Services Fees	851,724	
30.	Bookstore Income	6,400,000	
31.	Total Other		9,592,930
	Balances		
32.	Bond Interest & Redemption	13,900	
33.	Cafeteria Fund	48,594	
34.	General Fund	27,500,000	
35.	Special Reserve Fund	27,000,000	
36.	Children's Center Fund	500,000	
37.	Community Services	1,000,000	
38.	Specially Funded Programs	2,000,000	
39.	Bookstore Fund	500,000	
40.	Worker's Compensation Reserve Fund	2,000,000	
41.	Total Balances		60,562,494
42.	Total Income		150,805,623

APPROPRIATIONS
($)

General Fund

Board of Trustees	800,000
District Administration	9,019,379
District-Wide	54,990,000
Los Angeles City College	14,790,700
Office of New Dimensions	924,200
East Los Angeles College	11,120,900
Los Angeles Harbor College	8,946,000
Los Angeles Mission College	3,210,900
Los Angeles Pierce College	14,141,600
Los Angeles Southwest College	5,792,300
Los Angeles Trade-Technical College	13,226,500
Los Angeles Valley College	13,738,200
West Los Angeles College	6,699,200
Community Services	1,000,000
Handicap Program	1,230,000
Overseas Program	3,336,000
VEA Sub Part 2	2,800,000
Total General Fund	165,765,879

Special Funds

Special Reserve Fund	28,128,900
Workers' Compensation Reserve	2,000,000
Bookstore	6,900,000
Bond Interest & Redemption	3,187,586
Children's Center	1,144,900
Cafeteria	1,925,800
Total Special Funds	43,287,186
Inter-Fund Transfers	0
Total All Funds	209,053,065

CONTINGENCY EDUCATIONAL ALTERNATIVES

Any significant reduction in income received in 1978-79 will have a direct impact on the educational mission of the District. The following are three alternative courses of action concerning educational programs, activities, and services. These alternatives are in response to the budgets described in the Contingency Fiscal Plan Section of this report. One of these alternatives, or a modification thereof, will have to be selected before the colleges can open in Fall 1978.

Educational Alternative No. 1

CONTINUE TO OPERATIVE ON A "BUSINESS AS USUAL" BASIS.

This alternative is based upon an assumption that a sufficient amount of the income projected in the tentative budget (blue budget pages), approved by the Board of Trustees on May 24, will be received in time to pay the obligations arising from the continued normal operation of the District throughout the 1978-79 year. If this level of income is not forthcoming, then the colleges will continue to operate "until the money runs out." This probably will occur before the end of the Fall 1978 semester. There are numerous possible legal, educational, and fiscal problems that may result from this alternative unless the augmentation from the State surplus significantly exceeds current expectations. For example, under this alternative the students may not be able to complete a full semester; the District will face the risk of not being able to give instruction for the minimum of 175 days which is the present legal requirement to be eligible for State apportionment; employees and creditors might have to be paid in registered warrants.

Educational Alternative No. 2

OPERATE ONE OR POSSIBLY TWO COLLEGES OR CLOSE DOWN THE DISTRICT.

This alternative is based upon the first budget alternative (pink budget pages) which does not contain sufficient appropriations to operate the nine colleges. The educational implications of this budget alternative are either to operate a very limited program on one or more campuses, or to close down the District. Hopefully, this alternative will not have to be implemented. It does, however, reflect the known potential District income at this time.

Educational Alternative No. 3

PLAN EDUCATIONAL PROGRAMS, ACTIVITIES, AND SERVICES THAT WILL MEET THE NEEDS OF AS MANY STUDENTS AS POSSIBLE UNDER THE EXISTING LEGAL, FISCAL, AND OTHER RESTRICTIONS DESCRIBED PREVIOUSLY IN THIS REPORT.

The assumption underlying this alternative is that the income anticipated in the second budget alternative (yellow budget pages) will be received in a timely manner. This is the only assumption under which the District can offer any educational programs for the entire 1978-79 academic year and even come close to meeting students' needs.

THE CONTINGENCY EDUCATIONAL PLAN FOR FALL 1978

The Contingency Educational Plan presents a strategy for achieving the third educational alternative described on the preceding pages. The Plan is based upon the assumption that sufficient funding will be available to support the second budget alternative (yellow budget pages in the Contingency Fiscal Plan). In the event that funding exceeds the amount in the second budget alternative, programs, activities, and services will be increased incrementally. In the event that the income falls short of that anticipated, reductions will have to be made within the guidelines eventually set by the Board of Trustees. Specific priority decisions can be made by the individual colleges.

Objectives

Reasonable educational planning must be based upon a Board-approved statement of District philosophy and a set of objectives which implement that philosophy. The current District philosophy (Board Rules, Article II) is not appropriate to offer guidance to planners in today's environment. The Board Rules do not contain a statement of District objectives. Consequently, as an interim emergency step for planning purposes, we have developed three objectives to help us meet the immediate crisis. These objectives are of necessity written in qualified language rather than in specific, implementing language.

- Offer to the extent possible an educational program which will permit a student to complete prerequisite and required courses for an occupational major or to transfer to an upper division college or university.
- Offer to the extent possible a balanced schedule of classes in day and evening which will serve a maximum number of students.
- Offer to the extent possible the activities and services which are needed to support instruction and the quality of student life.

Instructional Programs

The second budget alternative contains funds for only 36% of the part-time faculty hours that are normally required to staff the Fall schedule of classes. Approximately 4,000 individuals are normally employed on an hourly rate basis each semester. This number includes 1,200 contract/regular certificated employees who have an extra hourly rate assignment and 2,800 others who do not hold a regular certificated assignment in the District. The total number of individuals who may be employed on an hourly rate basis under contingency conditions will be reduced to approximately 2,400 from the 4,000 normally employed. The determination as to who will be employed under these circumstances will be made based upon the subject to be offered, and the provisions of the Certificated Agreement, Article XVI, on retention of hourly rate employees.

The extent of the problem created by reducing hourly rate certificated employees is described by the following table.

A Comparison of Weekly Teaching Hours and Weekly Student Contact Hours (WSCH) Generated by Contract Regular and Hourly Rate Faculty

Spring 1978

	Weekly Teaching Hours	%	WSCH	%
Regular Faculty	37,502	71%	767,203	70%
Hourly Rate Faculty	14,933	29%	332,781	30%
Total	52,435	100%	1,099,984	100%

Regular faculty account for 71% of the teaching hours and 70% of the WSCH. Hourly rate faculty account for 29% of the teaching hours and 30% of the WSCH.

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The following are two optional solutions to the problem created by the reduction in hourly rate faculty.

The first option is to close classes assigned to hourly rate faculty to the extent necessary to meet budget limitations. This would reduce class sections and also WSCH by an estimated 20% of normal. The greatest impact would be on the evening classes as most of the hourly teaching assignments are in the evening. As a result, the objectives to offer a balanced offering between day and evening and to maximize the number of students served would not be achieved. Most evening courses and some entire programs would be discontinued. The reduction in enrollments could result in further reduction of future income from State apportionment.

The second option is to minimize the impact of the fiscal restrictions on the instructional program by developing a procedure that will meet the objectives of the Educational Plan.

This procedure is described below:

- Establish course priorities which will give preference to prerequisite and required courses with high student demand.
- Use the priorities to decide which courses and the number of sections to be offered in day and evening under contingency conditions.
- Employ hourly rate faculty to the extent permitted by the Contingency Budget to teach high priority courses for which qualified regular faculty are not available.
- Assign non-classroom credentialed staff to teach high priority courses previously assigned on an hourly rate basis.
- Increase the basic teaching assignment of regular teaching faculty if absolutely necessary to retain high priority courses.

A test of the second option on the Spring 1978 semester data revealed that this strategy is effective under contingency conditions and should significantly reduce the loss of ADA resulting from the reduction in hourly rate faculty.

Other Activities and Services

Contingency planning must also take into consideration all of the activities and services that are provided to support the educational environment of the college.

The second budget alternative contains a tentative distribution of funds. It is too early to establish exact priorities for determining the extent of change in a given activity or service. However, this decision must be made as soon as better information is available to provide adequate time for implementation.

The following is a listing of some of the significant activities and services that are being studied:

Administrative Services	Interdistrict Permits
Bookstores	Leases and Contracts
Business Services	Library Services
Cafeterias	Maintenance and Operations
Children's Centers	Material Fees
Community Services	Media/Learning Centers
Cocurricular Activities	New Dimensions
Counseling Services	Outreach Classes
Deferred Maintenance	Placement Offices
Health Services	Research Activities
Instructional Materials	Specially Funded Programs
Intercollegiate Athletics	Student Activities

1978 SUMMER SESSION

A decision concerning the 1978 summer session must be made no later than Tuesday, June 13, so that students can be notified before classes are scheduled to begin. The summer session has been announced and registration is now taking place.

The following statement has been placed in class schedules:

> "The Los Angeles Community College District and the College have made every reasonable effort to determine that everything stated in this class schedule is accurate. Courses and programs offered, together with other matters contained herein, are subject to change without notice by the administration of the Los Angeles Community College District or the College for reasons related to student enrollment, level of financial support, or for any other reason, at the discretion of the District and the College. The District and the College further reserve the right to add, amend, or repeal any of their rules, regulations, policies, and procedures."

Background

Based upon past experience, the 1978 summer session will have an estimated enrollment of 36,000 students as compared to 129,000 students in a regular semester. Approximately 45% of summer students are attending one of the Los Angeles Community Colleges for the first time. Most of these first-time students are home from colleges out of the District and are seeking to complete some of their college requirements at the convenient, low-cost community college.

Approximately 60% of the summer students are enrolled in transfer courses compared to 40% in Fall semesters. The summer session generates approximately 6% of the total annual average daily attendance. Summer session usually will provide additional assignments for approximately 45% of the regular faculty.

The actual costs and apportionment income for the 1976 and 1977 Summer Sessions and the estimated direct certificated instructional personnel and income from a normal 1978 Summer Session are as follows:

SUMMER SESSIONS

BUDGETED INCOME AND APPROPRIATIONS

	Income $	Appropriation $	Difference $
1976-77	1,914,835	3,196,508	(1,281,673)
1977-78	1,549,451	2,844,920	(1,295,469)
1978-79	1,517,072	2,890,657	(1,373,585)

As indicated in the table, the District will spend approximately $2.9 million for additional certificated salaries and will expect to receive apportionment income of $1.5 million, resulting in a net cost to the District of $1.4 million.

Summer Session Alternative No. 1

OFFER THE NORMAL SUMMER SESSION AS PLANNED BY THE COLLEGES.

This alternative will require an expenditure of nearly $3 million before the exact amount of income which the District will receive is known, due to the probable delay in the decision-making process at the State level concerning distribution of local and State funds.

Community Services programs and classes are authorized.

Summer Session Alternative No. 2

LIMIT THE SUMMER SESSION ONLY TO CONTRACTUALLY OBLIGATED PROGRAMS.

The District has entered into contracts for CETA-STIP training programs and VEA supported programs which are to continue through the summer under conditions of the contract, without additional direct cost to the District.

The cost of the regular summer instructional program would be conserved to meet cash flow demand and help fund the 1978-79 regular semesters. No Community Services classes will be authorized during the summer period from June 19 to Sept. 9, 1978. If Community Colleges are called upon to offer funded programs to re-train those losing jobs because of the tax limitation, an effort will be made to develop and offer such programs.

SUMMARY OF REPORT NUMBER ONE

This report has provided an overview of the problems created for the Los Angeles Community College District by the property tax limit constitutional amendment, approved on June 6. Fiscal and educational alternatives have been outlined and an Education Plan proposed for Fall 1978.

During the next two months some significant decisions must be made. The Board of Trustees must first decide whether to cancel or limit summer session. This decision has to be made by June 13.

A decision must be made concerning the budget which must be officially adopted by the Board by August 1, 1978.

A decision must also be made concerning the educational alternatives for the 1978-79 regular semesters. This action should be taken no later than August 1 to provide adequate time for student registration before the Fall Semester begins on Sept. 11.

As additional information is received about the financial picture, the alternatives may have to be revised to reflect changes in income and other legal and fiscal considerations.

Additional reports will be prepared by the Contingency Planning Committee as needed to keep all concerned persons informed.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

CONTINGENCY PLANNING COMMITTEE

REPORT NUMBER THREE

JUNE 26, 1978

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INTRODUCTION

On Friday, June 9, 1978, the Contingency Planning Committee presented Report Number One to the Los Angeles Community College District Board of Trustees, which presented an overview of financial and educational contingency planning for 1978-79. Contingency Report Number Two was provided to outline the latest information from the State Legislature and to support the 1978-79 Publication Budget presentation to the Committee of the Whole Meeting on June 14, 1978.

Contingency Report Number Three is presented today, June 26, 1978, and is the first in a series of policy-making reports necessary to define action for Summer 1978 and directions for Fall 1978. Four issues are discussed in Report Number Three. The first, Summer Recreational Programs, requires action the Board will be asked to take on June 28, 1978. The second, Gold Card Exemptions, requires action of which the Board will be noticed on July 5, 1978. The final two, Cocurricular Activities and Intercollegiate Athletics, require immediate direction from the Board regarding planning for Fall 1978.

The cancellation of summer classes left open the question of public use of college recreational facilities, a traditional aspect of summer Community Services programs. A discussion of this area is presented in this report, and a schedule of user fees to defray direct costs is included.

The probable elimination of the Community Services tax override makes it imperative that Community Services programs generate as much of their own support as possible. The rescission of Board Rules authorizing fee exemptions for senior adults is necessary to increase the income-generating capacity of these programs. The present impact of senior participation in Community Services programs is discussed in the second section of this report.

The third section proposes reduced funding for Cocurricular Activities, exclusive of Intercollegiate Athletics. Funding for these activities was assumed by the Board on January 1, 1978. The activities involved include agricultural activities, forensics, performing arts, publications, and radio stations. The reduced funding level will mainly curtail student travel inside the state, eliminate out-of-state travel, and reduce supplies budgets. This may impact on tournament agreements between colleges and affect educational program planning for the Fall 1978 semester.

Reduced funding for Intercollegiate Athletics, which was also assumed by the Board of Trustees on January 1, 1978, is proposed in the fourth section. The levels of funding contained in the Contingency Alternative Budget #2 for athletics will mainly limit student travel, athletic supplies, and athletic coaching hours. Additionally, it may not be possible to fund some of the sports currently offered by District colleges. This may impact on league and interdistrict attendance agreements and will affect class scheduling for the Fall 1978 semester.

RECREATIONAL PROGRAMS - SUMMER 1978

Recreational activities have traditionally been a major part of the District's summer Community Services program. These activities have included not only noncredit classes in such sports as swimming and tennis but also "open recreation" as well, or supervised use by the public of college facilities. The Board decision of June 14, 1978 to cancel all summer classes left open the question of the operation of "open recreation" programs. With the closure of many summer schools in the Los Angeles area, the demand for use of recreational facilities will probably be even higher than in the past. It is the position of staff that the District has an opportunity to make a positive impact upon the community by making every effort to meet this increased demand.

The costs associated with operating these facilities will include unclassified staff salaries, utilities, supplies, maintenance and security. The following user fees have been proposed to cover the direct costs of operation of swimming pools and tennis and racquetball courts:

FACILITY	FEES
Swimming Pools (E, C, P, T, V)	$0.50/session, under 18 $1.00/session, 18 and over
Tennis Courts, unlighted (E, C, H, P, S, T, V, W)	$1.00/hour, per person
Tennis Courts, lighted	$2.00/hour, per person
Racquetball Courts, unlighted (E, H)	$1.00/hour, per person
Racquetball Courts, lighted	$2.00/hour, per person

The income from fees will recover the costs of such necessary specialized personnel as Pool Lifeguards, who must be hired on an hourly basis. Support from general purpose funds may be required. For example, depending on the college, security and maintenance may be provided by employees regularly assigned to the general purpose budget. In addition, the closure of District summer classes

will enable a number of other regular personnel to work in the recrational program, thus covering scheduling and ticket-taking tasks at no extra cost.

The colleges are prepared to open these selected facilities and begin charging fees as discussed above. An action will be brought to the Board on June 28, 1978, requesting authorization to begin July 1, 1978.

Alternatives for Board consideration are the following:

Recreation Alternative No. 1

Close all college recreational facilities to public use for summer 1978.

Recreation Alternative No. 2

Open selected outdoor recreational facilities for public use, with user fees to be charged for courts and swimming pools as indicated in the above discussion.

Recreation Alternative No. 3

Open all indoor and outdoor recreational facilities for public use, and charge user fees for all securable areas.

GOLD CARDS
RESCISSION OF BOARD RULES EXEMPTING SENIOR ADULTS FROM PAYMENT OF COLLEGE FEES

The recent tax limitation initiative has resulted in the probable elimination of the restricted tax override previously authorized to fund Community Services programs. The loss of this tax base seriously jeopardizes the program's ability to generate required income for the next fiscal year. It is the intention of the Community Services staff to work toward a self-supporting program in 1978-79. The elimination of Gold Card exemptions is necessary to accomplish this. The level of participation of senior citizen Gold Card holders in many programs and events has been steadily increasing. As a result, many activities that might have been at least partially self-supporting have required significant support from tax revenues.

On December 20, 1972, the Board of Trustees adopted Board Rule 12004.10, which exempted senior citizens from payment of Community Services fees. Then, on May 30, 1973, the Board adopted Board Rule 2309.10 exempting senior citizens from all fees associated with college activities with the exception of nonresident fees. Participation by senior citizens in all District programs, particularly Community Services, has been extensive.

Presently, of the approximately 16,000 enrollees per semester in noncredit classes Districtwide, 2,400 are Gold Card holders. Senior citizen enrollment ranges as high as 38% of all participants at one college. An estimate for the 1977-78 fiscal year of income lost due to Gold Card exemptions is approximately $212,000, or 25% of the total potential income for the year. Thus, Community Services income could be significantly increased through the elimination of these exemptions. While senior citizens' participation in District programs may decrease, openings thus made available will most probably be filled by fee-paying enrollees, both senior and younger adults.

Every effort will be made to provide access for senior adults to college functions where the 1978-79 approved budget so permits.

The following action will be noticed to the Board of July 5, 1978:
The rescission of Board Rules 2309.10 and 12004.10, which exempt senior citizens from payment of college fees.

COCURRICULAR ACTIVITIES

Background

The District assumed responsibility for the funding of cocurricular activities as of January 1, 1978, as part of a comprehensive plan that also included assumption of college bookstores, inclusion of former student body employees as District employees and revision of the material fees system.

Levels of appropriate funding for cocurricular activities for the 1978-79 academic year were arrived at by staff after consultation with committees representing the disciplines associated with the various activities. This section provides a proposal for reduced funding in cocurricular activities, excluding athletics, at a level commensurate with reductions in other educational programs. The cocurricular activities allocation, exclusive of athletics, contained in the 1978-79 Publication Budget is approximately $212,000. The Contingency Alternative Budget #2 allocation for these activities is $150,000. These budgets do not contain funds for regular District personnel and do not include the college portion of funding for cocurricular activities.

Directions regarding the funding levels for cocurricular activities must be given to the colleges to facilitate planning of the Fall, 1978 educational program.

Fiscal Consideration

It is assumed that the District will no longer fund out-of-state student travel, awards banquets, or those activities that have been supported by the Fund for Excellence in recent years. Student groups will be encouraged to seek funds once again from the Associated Student Organizations for these activities.

The following is the 1978-79 Cocurricular Activities Budget, excluding intercollegiate athletics, and the proposed reductions in funding.

Agricultural Activities

The reduced level of funding will curtail intra-state student travel and eliminate out-of-state travel for the Agricultural Judging Team. It will also eliminate student worker hours for the Nature Center and Arboretum.

Pierce	Cocurricular Allocation	Contingency Budget #2
Agricultural Judging Team	$5,000	$2,000
Arboretum	$1,100	0
Nature Center	$ 900	0
Total	$7,000	$2,000

Dance

Funds for dance have not been reduced because dance has been underfunded. If fact, dance should receive more funds if additional money should become available for cocurricular activities in the future.

	Cocurricular Allocation	Contingency Budget #2
City	$1,450	$1,450
East	$1,500	$1,500
Harbor	$1,350	$1,350
Pierce	$2,500	$2,500
Valley	$ 900	$ 900
Total	$7,700	$7,700

Forensics

The reduced level of funding will curtail travel for the Forensics team. With the high concentration of colleges and universities that are located in the greater Los Angeles area, forensics teams should be able to participate in an adequate amount of activity without extensive travel.

(Forensics, Continued)

	Cocurricular Allocation	Contingency Budget #2
City	$ 7,250	$ 5,000
East	$ 5,250	$ 3,000
Harbor	$ 2,500	$ 2,500
Pierce	$ 5,250	$ 3,000
Trade	$ 7,250	$ 5,000
Valley	$ 7,250	$ 5,000
West	$ 5,250	$ 3,000
Total	$40,000	$26,500

Music

The reduced level of funding will curtail student travel, bus transportation, personal services contracts, e.g., accompanists and professional instrumentalists, and the purchase of supplies. It will eliminate noon concerts, printing, student meals, and new equipment. Funding for royalties and the purchase of sheet music will remain.

	Cocurricular Allocation	Contingency Budget #2
City	$16,050	$12,700
East	$ 3,660	$ 2,900
Harbor	$13,100	$10,400
Mission	$ 1,500	$ 1,200
Pierce	$15,600	$12,300
Southwest	$ 2,250	$ 1,750
Trade	$ 1,300	$ 1,000
Valley	$22,640	$17,900
West	$ 3,500	$ 2,800
Total	$79,600	$62,950

Publications

The Contingency Budget #2 will eliminate supplies, printing and mileage expenses for the publication of the Valley Crown, the only publication of this type currently being funded by the District.

	Cocurricular Allocation	Contingency Budget #2
Valley	$ 9,000	$ 0

Radio Stations

The Contingency Budget #2 will eliminate the purchase of supplies and new equipment for the radio station at Valley College.

	Cocurricular Allocation	Contingency Budget #2
Valley	$ 2,000	$ 0

Readers' Theater

The reduced level of funding will curtail supplies for set construction and costumes, printing, student travel and bus transportation. It will eliminate funds for student meals and new equipment.

	Cocurricular Allocation	Contingency Budget #2
East	$ 4,500	$ 2,750
Valley	$ 1,200	$ 1,000
Total	$ 5,700	$ 3,750

Theater Arts

The reduced level of funding will curtail supplies for costumes, props, and set construction, and will eliminate student assistants who serve as ushers and ticket takers. Funding for royalties and script rental will remain.

	Cocurricular Allocation	Contingency Budget #2
City	$ 3,500	$ 2,700
East	$ 9,100	$ 7,000
Harbor	$14,500	$11,100
Mission	$ 2,400	$ 1,900
Pierce	$14,000	$10,800
Southwest	$ 2,000	$ 1,600
Valley	$14,500	$11,000
West	$ 1,000	$ 1,000
Total	$61,000	$47,100

Summary

A summary of the proposed changes in cocurricular activities funding is as follows:

	Cocurricular Allocation	Contingency Budget #2
Agricultural Activities	$ 7,000	$ 2,000
Dance	$ 7,700	$ 7,700
Forensics	$ 40,000	$ 26,500
Music	$ 79,600	$ 62,950
Publications	$ 9,000	$ 0
Radio Stations	$ 2,000	$ 0
Readers' Theater	$ 5,700	$ 3,750
Theater Arts	$ 61,000	$ 47,100
Total	$212,000	$150,000

Alternatives

Three alternative courses of action concerning cocurricular activities funding, exclusive of athletics, are as follows:

Cocurricular Activities Alternative No. 1

Discontinue cocurricular activities funding for 1978-79.

Cocurricular Activities Alternative No. 2

Allocate $150,000 to cocurricular activities based on the level of funding contained in Contingency Alternative Budget #2.

Cocurricular Activities Alternative No. 3

Allocate $212,000 to cocurricular activities based on the level of funding contained in the 1978-79 Publication Budget.

INTERCOLLEGIATE ATHLETICS

Background

The Contingency Planning Coordination Report Number Two, presented to the Board of Trustees on June 14, 1978, provides limited funding for educational programs throughout the District. One particular educational program of immediate concern is intercollegiate athletics. This report is to provide information as a background for immediate decisions necessary to operate the Fall 1978 educational program in intercollegiate athletics. The 1978-79 Publication Budget allocated approximately $1,550,000 to men's and women's intercollegiate athletics. In the Contingency Alternative Budget #2, this allocation is reduced to $700,000. The first priority of the Contingency Alternative Budget #2 is to provide for all permanent District employees; therefore, a significant reduction must be made in all support services.

Timelines

To be considered immediately are the Fall semester intercollegiate sports, including football, basketball, cross country, soccer, volleyball, and wrestling. Class schedules, contracts, league agreements, and conference schedules must be determined in order to provide students with reasonable educational alternatives for the forthcoming year. Approximately 3,000 student athletes must plan their schedules for the 1978-79 academic year, and offices of instruction must plan revised class schedules for the Fall 1978 semester. Contracts with other colleges for out-of-league games may be cancelled or amended. Agreements with the State Athletic Conference or with individual leagues may require changes. Additionally, athletic conferences must be notified of the District's intentions in each sport by mid-July in order to plan conference schedules for 1978-79.

Fiscal Consideration

The following chart is a comparison of intercollegiate athletics budgets for 1978-79. The 1978-79 Publication Budget column is composed of approximately $900,000 from college budgets and $650,000 from cocurricular activities budgets. The Contingency Alternative Budget #2 column is based on the assumption that the Los Angeles Community College District will receive $58,000,000 in state funding. The budgets below do not contain funds for full-time instructors as those are included in Physical Education departmental budgets.

		1978-79 Publication Budget $	Contingency Alternative Budget #2 $
1000	Certificated Salaries	82,000	3,000
2000	Classified Salaries	595,000	230,000
4000	Books, Supplies, Equip. Repl.	320,000	150,000
5000	Contract Svcs., Oper. Exp.	410,000	206,000
6000	Sites, Bldgs., & Equip.	17,000	0
	Sub-total	1,424,000	589,000
	Athletic Insurance	111,000	111,000
	Cocurricular Fund for Excellence	15,000	0
	Total	1,550,000	700,000

The Contingency Alternative Budget #2 funds all full-time classified personnel, physicians (extra assignment), protective equipment, building rentals, conference fees, unclassified game support staff, equipment cleaning and repair, and athletic insurance. It contains reduced funding for unclassified athletic coaching, unclassified athletic trainers, officials, supplies, bus transportation, mileage, visual materials, and travel.

The Contingency Budget eliminates pre-school coaching, extra athletic coaching assignments for full-time District instructors, overtime for classified

employees, extra assignments for security personnel and custodians, printing and postage, meals for students, awards banquets, new equipment, and state championships and play-offs held outside of the Los Angeles area.

Given the above level of funding, it may not be possible to adequately fund an intercollegiate football program that will provide for the health and safety of the participants. In 1977-78, the income from athletic event gate receipts, principally football, was approximately $30,000 District-wide, which is not sufficient to defray the cost of the football program.

Action

The District staff will confer with college representatives to determine the athletic programs which will be offered during the 1978-79 academic year. Decisions to curtail or eliminate specific activities will be made on a District-wide basis to ensure an equitable distribution of funds. The possibility of receiving supplemental funding from the Associated Students Organization will be investigated. Staff will keep the Board of Trustees informed regarding the implementation of the intercollegiate athletics Contingency Budget.

Alternatives

The alternative courses of action regarding intercollegiate athletics are:

Intercollegiate Athletics Alternative No. 1

Discontinue all college intercollegiate athletics programs.

Intercollegiate Athletics Alternative No. 2

Fund the 1978-79 intercollegiate athletics programs at $700,000 based on allocations contained in Contingency Alternative Budget #2.

Intercollegiate Athletics Alternative No. 3

Fund 1978-79 intercollegiate athletics programs at $1,550,000 based on allocations contained in the 1978-79 Publication Budget.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

CONTINGENCY PLANNING COMMITTEE

REPORT NUMBER FOUR

JULY 5, 1978

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BACKGROUND

On June 24, 1978, Governor Brown signed into law Senate Bill 154 (SB 154), which provides partial relief to local governmental agencies from the financial difficulties brought about by the approval of Proposition 13.

Provisions in the bill completely change the funding structure for the California Community Colleges. Additionally, the bill appropriates funds from the State General Fund to the State School Fund in lieu of statutorily prescribed appropriations for the 1978-79 fiscal year and prescribes a method for computing State support to community colleges.

IMPLEMENTATION

All provisions of the bill are effective July 1, 1978, only for the 1978-79 fiscal year. As with all previous legislation affecting major structural changes in community college finance in recent years, SB 154 forces considerable redevelopment of Statewide administrative regulations and procedures.

Mr. Thomas Fallo, Acting Director of Budget, has attended several meetings of a task force established by the California Community Colleges' Chancellor's Office to implement SB 154.

FUNDING STRUCTURE

The bill's fundamental precept is to provide funding for an equal percentage of a target budget for each district by controlling replacement funding from the State's surplus.

The target budget is based on the sum of specified revenues (primarily local tax income and State apportionments) received in the 1977-78 fiscal

year plus an inflation factor of 6.8%.

Projections indicate that State resources will finance 71% of every district's budget in 1978-79. On the average, State resources funded 36% of the target budget in 1977-78, although the LACCD received 18% of its target budget from State resources in 1977-78.

FUNDING COMPONENTS

The target budget will be funded by 1978-79 Tax Revenues, 1978-79 State Apportionments, Available District Reserves, and State Replacement Funding.

Community college districts will receive a pro-rata distribution of tax receipts based on 1977-78 tax rate levies, exclusive of property taxes levied for the purpose of making annual payments for the interest and principal on outstanding general obligation bonds.

The 1978-79 State Apportionments will be block grants based on the Second Principal Apportionment for 1977-78. Block grants will not be affected in 1978-79 by changes in average daily attendance, the number of handicapped students served, or interdistrict attendance. Block apportionments may not be expended for non-credit classes.

Available district reserve funding requires that each district must contribute to its target budget one-third of the unrestricted General Fund balance held on June 30, 1978, in excess of five percent of the 1977-78 General Fund total income. Unrestricted balances exclude certain reserves and obligations committed or restricted prior to June 6, 1978.

State Replacement Funding will be provided in the amounts necessary to fund the same percentage of the target budget for each district.

OTHER FEATURES

Senate Bill 154 also establishes a Local Agency Emergency Loan Fund to serve as a lender of last resort to local agencies for operational purposes so that vital services are not interrupted.

The bill also states that no State funds from the State surplus or State loan funds shall be available to any local public agency which provides a cost of living increase in 1978-79, if such increase is in excess of the cost of living increases provided to State employees.

It also provides for $15 million of block apportionments for "Special Needs," once the Board of Governors of the California Community Colleges establishes rules and regulations for its allocation.

The schedule for payment of the block apportionments and State replacement funding will be determined by the Chancellor's Office, except that no more than 75% may be disbursed before February 1, 1979.

Additionally, the bill allocates $1.8 million of the block apportionment money for the Instructional Improvement Program; waives the Community College Tuition Tax provisions for the 1978-79 fiscal year; authorizes the California Community College Chancellor to waive the 175 day rule, but not go below 160 days; and waives the request that all schools in a district operate the same number of days.

UNRESOLVED ISSUES

Of the numerous unresolved issues, two are pivotal--the determination of assessed valuations and the definition of available district reserves.

Recently the Board of Equalization determined that all tax assessments must

be brought up to the 1975-76 levels. Property which has been transferred or has had new construction must be re-assessed, yet the Assessor must certify the rolls in September. Each change in assessments and subsequent change in tax income will affect the replacement funding.

Another important issue concerns the definition of available district reserves. Each restriction that is authorized may increase a district's share of replacement funding from the State surplus. Where funds are specifically allocated for restricted use and subsequently re-allocated for general use, State replacement funding will be reduced accordingly.

Other issues which could significantly alter plans and budgets include block grants for interdistrict attendance, the equalization of assessments throughout the State, and the synchronization of decisions throughout the State.

PROJECTIONS

At this time, even with all of the problems associated with SB 154, Contingency Alternative Budget #2, presented to the Board on June 9, 1978, continues to be a reliable planning document. Recent State simulations indicate that the Los Angeles Community College District will receive between $50 and $64 million in replacement funding. More accurate information will be available approximately August 15, which is two weeks after districts close financial books for 1977-78.

TIMELINES

On June 28, 1978, SB 2199 (Dunlap) was signed by the Governor. This bill postpones all school budget deadlines by one month, giving school and community college districts time to submit realistic budgets without breaking

the law. The July 20 publication deadline is extended to August 20, and the August 8 final adoption deadline is moved to September 8, 1978. The bill also extends the budget deadlines affecting county superintendents of schools and is effective only for the 1978-79 fiscal year.

Unless further information changes current plans, it is recommended that the presentation of the Publication Budget be moved to August 16 and the Public Hearing and Final Budget adoption be set for August 30, 1978.

UNIVERSITY OF CALIF.
LOS ANGELES

AUG 4 1978

CLEARINGHOUSE FOR
JUNIOR COLLEGES